

1 **EXHIBIT “A”**

2
3
4
5
6
7
8
9 UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

10 In Re:) Chapter 11
11)
12 CLI HOLDINGS, INC. dba ALYDIAN,) Case No. 13-19746-KAO
13)
14 Alydian.) BIDDING PROCEDURES AND NOTICE
OF SALE ORDER
)

15 THIS MATTER came before the Court upon the motion (the “Motion”) of CLI
16 HOLDINGS, INC. dba ALYDIAN (“Alydian”), Debtor In Possession, for the entry of an order
17 authorizing the sale of Alydian’s assets free and clear of liens pursuant to 11 U.S.C. § 363(f)
18 approving: (i) form and manner of notice of the sale; (ii) proposed bidding procedures; and (iii)
19 set a hearing to approve a sale of the assets.

20 The Court, having considered the Motion and supporting Declarations of Peter Vessenes
21 and Hans Olsen filed herewith, any objections to the Motion, and argument of counsel, hereby
22 GRANTS the Motion and ORDERS as follows:
23

24 1. **Notice.** Notice shall be deemed good and sufficient if Alydian serves, within one
25 business day after entry of this Order, by regular mail and/or CM/ECF, the Bidding Procedures
26 and Notice of Sale Order upon: (i) the UST; (ii) all parties who have filed with the Court a

BIDDING PROCEDURES AND NOTICE OF SALE
ORDER (13-19746-KAO) - 1

N:\CLIENTS\29744\1\PLEADINGS\363.SALE\BIDDING PROCEDURES SALE ORDER.FINAL.DOC

LAW OFFICES OF
KELLER ROHRBACK L.L.P.
1201 THIRD AVENUE, SUITE 3200
SEATTLE, WASHINGTON 98101-3052
TELEPHONE: (206) 623-1900
FACSIMILE: (206) 623-3384

1 request for notices in this case; (iii) all parties on the creditor mailing matrix; and (iv) all persons
2 or entities that have expressed to Alydian an interest in acquiring the Assets during the past three
3 months or which Alydian reasonably believes may have an interest in bidding for the Assets.

4 **2. Bidding Procedures.** Following entry of this Bidding Procedures and Notice of Sale
5 Order, Alydian shall be entitled to solicit offers for the Assets (as defined in the Motion).
6 Subject to the receipt from prospective bidders of appropriate non disclosure agreements,
7 Alydian may provide necessary and requested due diligence to such prospective bidders. The
8 following terms and procedures are hereby approved and shall govern the submission of
9 competing bids for the Assets:
10

11 a. Qualified Bid. To be a Qualified Bid, the Bid must (i) be in writing and identify the
12 exact portion of the Assets to be purchased and their location; (ii) set forth the Purchase Price, in
13 U.S. dollars or the Bitcoin equivalent; (iii) meet the Minimum Bid Requirement; and (iv) be
14 open and the offer irrevocable through the conclusion of the Sale Hearing, unless extended in
15 writing by agreement of the parties.
16

17 In addition, the Bidder must (i) identify the proponent of the Qualified Bid and an officer
18 who is authorized to appear and act on behalf of the bidder; (ii) be prepared to execute a
19 purchase and sale agreement, subject only to modification of the Purchase Price; (iii) show its
20 financial ability to close within two days of mutual acceptance, provide its financial information,
21 such as financial statements and the prospective bidder's balance sheet, to enable Alydian, to
22 determine such bidder's creditworthiness and ability to close a sale of the Assets, provided that
23 determination whether the Bidder has met this qualification shall be in Alydian's sole discretion
24 and (iv) able to assume the hosting contract for the purchased mining systems at the closing.
25
26

1 b. Bid Deadline. To be a Qualified Bid, the Bid must be received by Keller Rohrbach,
2 L.L.P., Counsel for Alydian, via facsimile or email to dglynnlevin@kellerrohrback.com, Fax
3 (206) 623-3384 not later than 12:00 p.m. noon (PST) on January 8, 2014, with a copy to Peter
4 Vessenes, CEO at peter@coinlab.com

5 3. **Sale**. The following terms and conditions shall apply:

6 a. Highest and Best Offer. Debtor shall submit the highest and/or best offer, as
7 reasonably determined by Alydian (the "Successful Bidder") to the Bankruptcy Court for final
8 approval at the Sale Hearing.

9 b. Application of the Successful Bidder's Deposit. Alydian shall apply the Successful
10 Bidder's Deposit to the Purchase Price to be paid at the closing of the transaction.

11 c. Back-Up Bidder. Following the approval of the Sale to the Successful Bidder, if such
12 sale fails to be consummated, then the next highest or best Qualified Bid as to which the bidder
13 has agreed will stand as a back-up bid (the "Back-Up Bid" and, such bidder, the "Back-Up
14 Bidder") will be deemed to be the Successful Bid. Alydian will be obligated to effectuate a sale
15 of the Assets to the Back-Up Bidder subject to the terms of the Back-Up Bid without further
16 order of the Bankruptcy Court. The Back-Up Bidder's Deposit shall be applied by Alydian
17 against the cash portion of the Purchase Price. The Back-Up Bid shall remain open for fourteen
18 (14) calendar days following entry of the Sale Order. The Deposit of a Back-Up Bidder shall be
19 retained by Alydian until 14 calendar days following entry of the Sale Order, and either returned
20 to the Back-Up Bidder within five (5) business days thereafter or, if the Back-Up Bid becomes
21 the Successful Bid, shall be applied to the Purchase Price to be paid by the Back-Up Bidder
22 according to the terms of the Back-Up Bid.

1 d. Rejection of Other Qualified Bids and Refund of Deposit to Unsuccessful Bidders.

2 Rejection of Other Qualified Bids other than the Successful Bid and the Back-Up Bid shall be
3 deemed rejected by Alydian on and as of the date of entry of the Sale Order by the Bankruptcy
4 Court. Any party that submits a Deposit but otherwise fails to submit a Qualified Bid, or that
5 submits a Deposit and is not the Successful Bidder or the Back-Up Bidder, shall receive a refund
6 of such Deposit as soon as practicable after closing of the transaction with the Successful Bidder.
7

8 **4. Debtor's Report of Sale and Proposed Sale Order.** Debtor shall file, via CM/ECF,
9 a Report of Sale and a form of proposed Sale Order, by 4:30 p.m. (P.S.T.) one day after mutual
10 acceptance of a purchase and sale agreement.

11 **5. Objections to Sale Order.** Any responses or objections to entry of the Sale Order
12 shall be filed with the Bankruptcy Court and served by one day before the Sale Hearing by 12:00
13 noon (P.S.T.) The failure of any objecting person or entity to timely file its objection in
14 accordance with the requirements above shall be a bar and waiver to the assertion, at the Motion
15 or thereafter, of any objection to the Motion.
16

17 **6. Sale Hearing and Continuance.** A hearing to consider entry of the Sale Order will
18 be held before the Honorable Karen A. Overstreet, United States Bankruptcy Judge, at the
19 United States Bankruptcy Court, 700 Stewart St., Courtroom 7206, Seattle, Washington 98101,
20 will be set on _____, 2014 or as soon thereafter as may be heard (the "Sale Hearing")
21 for entry of the Sale Order. The Sale Hearing may be continued, from time to time, without
22 further notice to creditors or parties-in-interest by announcement of the adjournment in open
23 Court or on the Court's calendar on the date scheduled for the Sale Hearing.
24
25
26

7. **Expenditures.** Without further approval of the Court, Alydian is hereby authorized to take such steps and incur and pay such reasonable expenditures as may be necessary or appropriate to effectuate the terms of this Order.

/// END OF ORDER ///

Presented by:

KELLER ROHRBACK, L.L.P.

By: /s/Deirdre Glynn Levin
Deirdre P. Glynn Levin, WSBA #24226
Attorneys for Debtor CLI Holdings, Inc. dba Alydian